

Summary of Minutes

ECONOMIC DEVELOPMENT COMMISSION MEETING HELD ON FRIDAY, FEBRUARY 27, 2009 AT 12 NOON IN THE HOOKER CONFERENCE ROOM OF CITY HALL AT SHOWERS, 401 NORTH MORTON STREET, BLOOMINGTON, INDIANA.

Roll Call

Members present: Dick McGarvey, Kurt Zorn, Malcolm Webb, Mike Satterfield

Staff present: Danise Alano, Director of Economic Development; Sean Fox, Service Corps Fellow

Dick McGarvey noted that Monroe County will nominate their appointee to the EDC next week.

Approval of Minutes

Kurt Zorn moved to approve the minutes from the January 30, 2009 EDC meeting. Malcolm Webb seconded. Motion passed.

Staff Report – BIILF Update

Danise noted that Margie Rice was unable to attend the meeting due to a prior conflict, and that Vickie Renfrow would be at next month's meeting to provide an update on the Cha Cha current situation. Kurt asked about the strategy for selecting CDs in which to invest. Danise Alano said that when maturity dates approach, the Controller's office looks to select terms with the best interest rate, while trying to anticipate liquidity needs at the time. Kurt Zorn asked if it would make sense to take a "step ladder" approach in investing, that is, staggering investments so that one CD matures every three months. Malcolm Webb noted that a situation in which we wanted to provide funds greater than those available should be avoided. He said that there is some market risk involved in withdrawing early. Kurt Zorn said that \$200,000 would likely be sufficient for a three-month period, since the loan maximum is \$100,000. He said that more flexibility in choosing interest rates could result from this sort of strategy. Danise Alano said that in reality, a received application will take three to four weeks to be heard by the EDC, and then will be heard by City Council. Malcolm raised the issue of credit risk, and said that CD balances could be brought back to \$100,000. Mike Satterfield asked Danise Alano what issues she would bring to the attention of Mike Trexler. Danise Alano responded that she thought she would ask them how the funds are apportioned and about the number of CDs in which funds could be invested.

New Business – Discussion of BIILF Revision Process

Danise Alano introduced the current summary and guidelines for the BIILF. She said that some community lenders would be joining later discussions, but that today's

discussion would focus on the direction that the EDC sees in reaching the end product of the revision process. Dick McGarvey asked about the logic behind different maximum loan amounts and minimum project costs allowed for different purposes of loans and grants. Danise Alano suggested that when the guidelines were last revised in 1998, there was a greater focus on downtown development. She said that since she has been with the City, every loan has been in the downtown – thus, each has been 50% of total project cost. Dick McGarvey said that he thought a limit should be set at \$50,000 or \$100,000 per year for grants. Malcolm Webb suggested setting the grant limit as a percentage of the fund for any given year. Kurt Zorn said that until the BIILF can be recapitalized, no grants should be issued. Malcolm Webb said that the 5% interest as income per year doesn't promote fund growth, although growth is not the primary purpose of the fund. He said that we should assume a loan loss ratio if a more active program is pursued. He seconded Kurt Zorn's concern of issuing grants without an expectation that the dollars granted will ultimately be replaced.

Dick McGarvey said he would be content with making the fund exclusively for loans. Kurt Zorn said that he would not want to set limits for grants because he would not want to spotlight them in the program. He said that he would not mind leaving flexibility in the program so that especially good projects could be considered for grants. Overall, he is uncomfortable with decreasing the fund principal. Mike Satterfield asked if it would be better to operate on an annual percentage basis, especially in acquiring funds from the Common Council. Kurt Zorn said that he wasn't sure, since in one year the EDC could receive two good projects, but in the previous year that was not the case, yet a percentage was granted. He worries about setting a pool for grants, and would prefer to look at the merits of grant projects on a case-by-case basis. Mike Satterfield said that the grant aspect of the BIIF seems emphasized on the summary, and asked if changing the language of the fund's summary and guidelines would be proposed. Danise Alano said that the summary is not on the City's website. Mike Satterfield said the Common Council may ask why the grant portion of the fund seems to be hidden in the guidelines and summary. Malcolm Webb said that we could use guidance from the Common Council as well, as there could be potential political issues involved in revising the BIIF.

Kurt Zorn, noting Mike Satterfield's observation that grants seem to be emphasized in the current summary, suggested that grants could at least be moved to the bottom of the sheet, and perhaps grants could just be mentioned as one means for "downtown development." Danise Alano asked if there should be different programs for different geographical areas. Kurt Zorn said that could be an issue to be discussed at later meetings with lenders. Mike Satterfield said that the current Council is encouraging neighborhood business. Dick McGarvey asked if it would be possible that the loans are not just for the downtown. Danise Alano said the loans are there for the entire city limits, but that a different loan product exists for the downtown. Dick McGarvey asked if grants were only available in the downtown, to which Danise Alano said that was indeed the case – currently grants only available for the downtown. This could be another point of discussion in later committee meetings.

Malcolm Webb said that an issue that might be addressed by the Common Council pertains to the annual amount of potential grants that they would want to fund. Mike Satterfield said that the Common Council could be concerned with where funds are coming from. Kurt Zorn suggested the possibility that another body might be more appropriate for evaluating grant proposals from non-profits. Mike Satterfield suggested replenishing grant funds through Community Development Block Grants (CDBG). CDBGs are evaluated by the Common Council, and federal dollars are provided for its funds. Kurt Zorn said that this could take the pressure off of recapitalization and replenishing the fund, and that this could lead to more creativity on the loan side of the BIIF, such as providing no-interest loans. Mike Satterfield said that he would figure out a way to bring this issue to the Common Council.

Malcolm Webb said that the BIIF may contribute to the overall “credit rating” of the City and that it could serve as an undesignated rainy day fund. Dick McGarvey brought up the issue of the kinds of loans provided, and suggested going beyond loans for high-tech businesses to provide loans for hardware, construction, etc. Danise Alano said that she would look at the language on the state level, particularly how IT and other technology loans are discussed.

Other Business and Adjournment

Danise Alano reported that there was no other new business to be discussed. She said that the tax abatement guidelines and revisions had been reviewed by City Legal, and that a template for the Memorandum of Understanding for the new guidelines was being drafted to be presented to the Common Council.

Malcolm Webb moved to adjourn the meeting. Mike Satterfield seconded. Motion passed. Meeting adjourned.